

STATE OF IOWA
DEPARTMENT OF COMMERCE
UTILITIES BOARD

IN RE: MIDAMERICAN ENERGY COMPANY	DOCKET NOS. RPU-04-2 TF-04-150 (APP-96-1, RPU-96-8)
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ORDER APPROVING TARIFF AND DOCKETING PLAN

(Issued May 28, 2004)

On April 30, 2004, MidAmerican Energy Company (MidAmerican) filed with the Utilities Board (Board) its seventh annual reconciliation of recoveries and expenses under the Cooper Nuclear Station Capital Additions Tracker (Cooper Tracker). Included with the filing was a proposed long-term rate equalization plan to reduce electric zonal rate disparities using revenues from scheduled reductions in the Cooper Tracker and other adjustable cost recovery clauses. The Consumer Advocate Division of the Department of Justice (Consumer Advocate) filed a response on May 20, 2004. Consumer Advocate was generally supportive of MidAmerican's proposals, but reserved the right to comment or object to specific provisions of the plan and to propose additional measures to reduce zonal rate disparities.

The Cooper Tracker was part of the settlement approved by the Board on June 27, 1997, in Docket Nos. APP-96-1 and RPU-96-8. The Cooper Tracker allows MidAmerican to recover actual capital expenditures at Cooper Nuclear Station

through a per/kWh charge. MidAmerican is no longer responsible for future construction expenditures and recovery for past expenditures should largely be completed after MidAmerican's September 2004 billing. MidAmerican proposes that any balance remaining in the Cooper Tracker account at that time be incorporated into MidAmerican's next alternate energy producer (AEP) reconciliation.

The Board has examined the Cooper Tracker reconciliation and proposed tracker factors, identified as TF-04-150, and will approve them. The reconciliation tracks the formula approved by the Board in the June 27, 1997, settlement in Docket Nos. APP-96-1 and RPU-96-8. The proposed factors for each zonal class are the same or less than the prior factors.

In addition, as first described by MidAmerican in Docket No. RPU-03-1, MidAmerican proposes over the next several years to use otherwise scheduled reductions in the Cooper Tracker in 2004, the AEP cost recovery clause in 2006 and 2007, and cost recovery associated with the Quad Cities Nuclear Decommissioning trust fund in 2008, to fund residential base rate reductions in MidAmerican's higher priced south, and later east, zones. MidAmerican also proposes reductions to south zone street lighting. MidAmerican estimates that these reductions will be made in the fourth quarters of 2004 (Cooper Tracker), 2006 and 2007 (AEP clause), and 2008 (Quad Cities), subject to subsequent compliance filings.

MidAmerican's proposal, if fully implemented, reduces disparities in residential and lighting rates through revenue-neutral rate reductions. However, MidAmerican's plan, particularly the portion related to the Quad Cities Nuclear Decommissioning trust fund, is not firm but is dependent on certain assumptions occurring between

now and 2008. More importantly, the plan does not completely reduce zonal disparities in residential and street lighting rates and does nothing to address commercial and industrial zonal disparities. Therefore, the Board will docket the proposed plan for investigation, identified as Docket No. RPU-04-2, and require MidAmerican to supplement its filing with additional information detailing when and how MidAmerican intends to fully equalize and consolidate its class zonal electric rates.

IT IS THEREFORE ORDERED:

1. Tariff filing TF-04-150, the proposed Cooper Tracker factors, is approved, effective with bills rendered on and after June 2, 2004, and subject to complaint or investigation.

2. The proposed partial rate equalization plan, identified as Docket No. RPU-04-2, is docketed for investigation. MidAmerican shall provide the additional information identified in this order within 20 days from the date of this order.

UTILITIES BOARD

/s/ Diane Munns

/s/ Mark O. Lambert

ATTEST:

/s/ Judi K. Cooper
Executive Secretary

/s/ Elliott Smith

Dated at Des Moines, Iowa, this 28th day of May, 2004.